RECORD AND BRIEFS

No. 16-712

Supreme Court, U.S.
FILED
OCT 30 2017
OFFICE OF THE CLERK

IN THE

Supreme Court of the United States

OIL STATES ENERGY SERVICES, LLC,

Petitioner,

v.

GREENE'S ENERGY GROUP, LLC, *et al.*,

Respondents.

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

BRIEF OF THE INTERNET ASSOCIATION, SOFTWARE & INFORMATION INDUSTRY ASSOCIATION, NATIONAL ASSOCIATION OF REALTORS®, ASSOCIATION OF GLOBAL AUTOMAKERS, INC., COMPUTER & COMMUNICATIONS INDUSTRY ASSOCIATION AND SAS INSTITUTE INC. AS *AMICI CURIAE* SUPPORTING RESPONDENTS

JAMES W. DABNEY
RICHARD M. KOEHL
EMMA L. BARATTA
Of Counsel
HUGHES HUBBARD & REED LLP
One Battery Park Plaza
New York, New York 10004
(212) 837 6000

JOHN F. DUFFY
Counsel of Record
HUGHES HUBBARD & REED LLP
1775 I Street, N.W., Suite 600
Washington, DC 20006
(202) 721-4600
john.duffy@hugheshubbard.com

October 30, 2017

276589

Library of Congress

TABLE OF CONTENTS

Page

TABLE OF AUTHORITIES ii

INTEREST OF AMICI CURIAE 1

SUMMARY OF ARGUMENT 3

ARGUMENT 4

I. PATENTS ARE PUBLIC RIGHTS CONSTITUTIONALLY SUBJECT TO EXECUTIVE DETERMINATION 4

A. Patents are Special Privileges Designed by Statute to Serve a Public Purpose and Conferred by Executive Action. 5

B. Comparing Patents to Rights in Land Undermines Rather Than Advances Petitioner's Arguments. 9

C. Patent Validity Was Not the "Subject of a Suit" at Law or in Equity 12

II. *INTER PARTES* REVIEW REINS IN, RATHER THAN AGGRANDIZES, EXECUTIVE POWER. 18

A. Neither Modern Administrative Law Nor Historical Practice Justified the Pre-Existing Status Quo of Asymmetrically Constrained Executive Power. 19

B. *Inter Partes* Review Imposes Constraints on the Executive Branch To Equalize the Legal Constraints on Issuing and Denying Patents 24

III. THE CONSTITUTION DOES NOT REQUIRE JURIES TO REVIEW THE VALIDITY OF ISSUED PATENTS. 28

CONCLUSION 29

TABLE OF AUTHORITIES

Case **Page(s)**

Allentown Mack Sales & Serv., Inc. v. NLRB,
522 U.S. 359 (1998) (Scalia, J.) 19

American Hoist & Derrick Co. v. Sowa & Sons, Inc.,
725 F.2d 1350 (Fed. Cir. 1984) 15

Blonder-Tongue Laboratories, Inc. v. University of Illinois Foundation,
402 U.S. 313 (1971) 4, 6, 13, 14

Bloomer v. McQuewan,
55 U.S. 539 (1853) 5

Boesche v. Udall,
373 U.S. 472 (1963) 10

Burlington Truck Lines, Inc. v. United States,
371 U.S. 156 (1962) 20

Burns v. Equitable Assocs.,
265 S.E.2d 737 (Va. 1980) 10

Cantrell v. Wallick,
117 U.S. 689 (1886) 22

Cleveland v. United States,
531 U.S. 12 (2000) 7, 8

Coffin v. Ogden,
85 US 120 (1874) 22

TABLE OF AUTHORITIES
Cont'd

Case **Page(s)**

Cox v. United States,
332 U.S. 442 (1947) 4, 28

Crowell v. Benson,
285 U. S. 22 (1932) 14

Ethyl Corp. v. Browner,
989 F.2d 522 (D.C. Cir. 1993) 26

FCC v. Fox Television Stations, Inc.,
556 U.S. 502 (2009) 26

Ford Motor Co. v. NLRB,
305 U.S. 364 (1939) 26

Graham v. John Deere Co.,
383 U.S. 1 (1966) 3, 5, 17, 21

Hazel-Atlas Glass Co. v. Hartford-Empire Co.,
322 U.S. 238 (1944) 13

Johnson v. Towsley,
80 U.S. 72 (1871) 28, 29

Judulang v. Holder,
565 U.S. 42 (2011) 19

Kingsland v. Dorsey,
338 U.S. 318 (1949) 13

Microsoft Corp. v. i4i Limited Partnership,
564 U.S. 91 (2011) 15, 20

TABLE OF AUTHORITIES
Cont'd

Case	Page(s)
Morgan v. Daniels, 153 U.S. 120 (1894)	15, 22
Motor Vehicle Mfrs. Ass'n v. State Farm Mut. Auto. Ins. Co., 463 U.S. 29 (1983)	19, 20, 27
Murray's Lessee v. Hoboken Land & Improvement Co., 59 U.S. 272 (1856)	*passim*
Myers v. Bethlehem Shipbuilding Corp., 303 U.S. 41 (1938)	24
Neuman v. Travelers Indemnity Co., 319 A.2d 522 (Md. 1974)	10
Precision Instrument Mfg. Co. v. Automotive Maintenance Machine Co., 324 U.S. 806 (1945)	6
Pregis Corp. v. Kappos, 700 F.3d 1348 (Fed. Cir. 2012)	20, 25
Radio Corp. of America v. Radio Engineering Laboratories, Inc., 293 U.S. 1 (1934)	15, 22
Reiter v. Cooper, 507 U.S. 258 (1993) (Scalia, J.)	16, 17
Ricci v. Chicago Mercantile Exchange, 409 U.S. 289 (1973)	16

TABLE OF AUTHORITIES
Cont'd

Case **Page(s)**

Sackett v. EPA,
132 S. Ct. 1367 (2012) 25

SEC v. Chenery Corp.,
332 U.S. 194 (1947) 20

Seymour v. Osborne,
78 U.S. 516 (1870) 5

SKF USA Inc. v. United States,
254 F. 3d 1022 (Fed. Cir. 2001)..... 26, 27

Smelting Co. v. Kemp,
104 U.S. 636 (1881) 28

St. Mary's Honor Center v. Hicks,
509 U.S. 502 (1993) 21

Stern v. Marshall
564 U.S. 462 (2011) 14

Teva Pharm. USA, Inc. v. Sandoz, Inc.,
135 S.Ct. 831 (2015) 6

Texas & Pacific Railway Co. v. Abilene Cotton Oil Co.,
204 U.S. 426 (1907) 16

Texas Dept. of Community Affairs v. Burdine,
450 U.S. 248 (1981) 21

In re Van Os,
844 F.3d 1359 (Fed. Cir. 2017)..... 20

TABLE OF AUTHORITIES
Cont'd

Case **Page(s)**

Walker Process Equipment, Inc. v. Food Machinery & Chemical Corp., 382 U.S. 172 (1965) 6

Wellness Int'l Network v. Sharif, 135 S. Ct. 1932 (2015) 18

Constitutional Provisions

U.S. CONST. art. III 3, 5, 14, 23, 25, 26

U.S. CONST. amend. VII 3, 4, 28

Statutes and Rules

5 U.S.C. § 706(2)(A) 19

35 U.S.C. § 41(b) 10

35 U.S.C. § 41(b)(2) 8

35 U.S.C. § 41(c) 7, 10

35 U.S.C. § 141(c) 24

35 U.S.C. § 261 ..... 3, 8, 9, 10

35 U.S.C. § 282 20

35 U.S.C. § 311 *et seq.* 24, 27

35 U.S.C § 314(a) 26

Act of April 10, 1790, 1 Stat. 109 ..... 6, 7, 21, 22

1793 Patent Act, 1 Stat. 318 ..... 21, 22

TABLE OF AUTHORITIES
Cont'd

Case — Page(s)

1836 Patent Act, 5 Stat. 117 22

Pub. L. No. 96-517, § 2, 94 Stat. 3015, 3017 (1980) 7

Treatises and Periodical Materials

1 WILLIAM BLACKSTONE, COMMENTARIES ON THE LAWS OF ENGLAND (1765) 17

3 WILLIAM BLACKSTONE, COMMENTARIES ON THE LAWS OF ENGLAND (1768) 17

John F. Duffy, *Jury Review of Administrative Action*, 22 WM. & MARY BILL RTS. J. 281 (2013) 28

2 JOHN LOCKE, TWO TREATISES OF GOVERNMENT (1690) 17

F. W. MAITLAND, EQUITY ALSO THE FORMS OF ACTION AT COMMON LAW (1909) 12

Caleb Nelson, *Adjudication in the Political Branches*, 107 COLUM. L. REV. 559 (2007) 6

JAMES SCHOULER, A TREATISE ON THE LAW OF PERSONAL PROPERTY 45 (1873) 10

S.A. de Smith, *The Prerogative Writs*, 11 CAMBRIDGE L.J. 40 (1951). 17

INTEREST OF AMICI CURIAE

Amicus Internet Association[1] represents over 40 of the world's leading internet companies.[2] Its mission is to foster innovation, promote economic growth, and empower people through the free and open internet. As the voice of the world's leading internet companies, its job is to ensure that all stakeholders understand the benefits the internet brings to our economy. As leading technology companies and innovators that both apply for patents and are also frequently the subjects of patent litigation, the members of the Internet Association are vitally interested in the proper functioning of the patent system.

Amicus Software & Information Industry Association ("SIIA") is the principal trade association for the software and digital information industries. SIIA's membership includes more than 700 software companies, search engine providers, data and analytics firms, information service companies, and digital publishers that serve nearly every segment of society, including business, education, government, healthcare, and consumers. As applicants for patents and also the subjects of patent infringement litigation, SIIA members are also interested in the proper functioning of the patent system.

The Computer and Communications Industry Association ("CCIA") represents more than 30

[1] The parties have consented to the filing of this brief, and copies of their consent are on file with the Clerk's Office. Pursuant to Rule 37.6, no counsel for a party authored this brief in whole or in part, and no counsel or party made a monetary contribution intended to fund the preparation or submission of the brief. No person or entity, other than the Amici, their members, and their counsel, made a monetary contribution to the preparation or submission of this brief.

[2] Membership of the Association is listed at https://internetassociation.org/our-members/.

companies of all sizes providing high technology products and services, including computer hardware and software, electronic commerce, telecommunications, and Internet products and services—companies that collectively generate more than $465 billion in annual revenues. CCIA members participate in the patent system both as patentees and as defendants against patent litigation, and many CCIA members have filed petitions seeking to have patents reviewed through the *inter partes* review process.

The Association of Global Automakers is a nonprofit trade association whose members include the U.S. manufacturing and distribution subsidiaries of 12 international motor vehicle manufacturers. One part of the association's mission is to foster an open and competitive automotive marketplace in the United States that accommodates and encourages technological innovation in the automotive industry. Global Automakers is thus interested in supporting a well-functioning patent system in the United States.

The National Association of REALTORS® ("NAR") is the country's largest trade association with over one million members. NAR's membership is composed of residential and commercial brokers, salespeople, property managers, appraisers, counselors, and others engaged in all aspects of the real estate industry. NAR's constituents also include approximately 1100 local associations of REALTORS® and 52 state associations of REALTORS®, as well as some 800 multiple listing services owned and operated by one or more local REALTOR® associations. NAR is the leader in developing standards for efficient, effective, and ethical real estate business practices. Real estate professionals are increasingly using technology, including patented software, in their practice and thus have interests both in protecting the patents they acquire and use and in defending against claims that they are using valid patents of others without authority to do so.

SAS Institute Inc. is a leading software and data analytics company that applies for patents and is also frequently involved in patent litigation, including litigation currently pending before this Court, *SAS Institute Inc. v. Matal*, No. 16-969. SAS is therefore interested in the proper functioning of the patent system.

SUMMARY OF ARGUMENT

No decision by this Court has ever held unconstitutional a system of adjudication by an Executive Branch agency on the grounds that the system violates Article III or the Seventh Amendment. This case should not be the first.

Patents are a type of public franchise that Congress has subjected to Executive Branch determination since the founding of the Republic. So deep is the tradition of executive determination in this field that this Court has accurately described the Patent Office as having "the primary responsibility" for distinguishing between patentable and unpatentable claims. *Graham v. John Deere Co.*, 383 U.S. 1, 18 (1966).

Petitioner and its amici draw inapt comparisons between patent rights and fee simple grants in physical land, but even if patent rights could be analogized to land, the most appropriate analogy would be to leases in public lands, which *are* subject to administrative revocation. Like leases, patent rights are limited in time, subject to periodic payments to maintain the rights, revert to the public upon expiration, and have the attributes of personal property. Indeed, Petitioner and its amici rely on the statement in 35 U.S.C. § 261 conferring on patents the "attributes of personal property," but if anything, that statute undermines Petitioner's case because it strengthens the analogy between patents and leases.

Petitioner also wrongly claims that patent invalidity was the "subject of a suit" at common law or in equity. As the leading treatise writer on the early American patent system confirms, the subject

matter of an infringement suit was not patent validity but only the infringement complained of. Patent invalidity was merely a defense, and for nearly two centuries prior to this Court's ruling in *Blonder-Tongue Laboratories, Inc. v. University of Illinois Foundation*, 402 U.S. 313 (1971), the success of one defendant on such a defense was not a conclusive ruling of patent invalidity. Patent validity was then, and still is, a matter of public rights that, like other similar issues assigned to administrative agencies through this Court's primary jurisdiction precedents, may arise in private litigation but may also be constitutionally adjudicated by Executive Branch agencies.

Petitioner also wrongly claims that the *inter partes* review process aggrandizes administrative power. Quite the contrary. The advent of *inter partes* review means that, at least for patents subject to such review, PTO decisions to grant rights are now being subjected to conventional checks against arbitrary executive action—specifically, the checks of (i) requiring the agency to engage in reasoned decisionmaking and (ii) imposing judicial review to enforce that requirement.

Finally, the Seventh Amendment does not require juries to review the validity of PTO patent grants. This Court correctly ruled in *Cox v. United States*, 332 U.S. 442 (1947), that constitutional jury trial rights do not include the right to have a jury pass on the validity of an administrative order. The patent system should not have a special exemption from that generally applicable principle of constitutional law.

ARGUMENT

I. PATENTS ARE PUBLIC RIGHTS CONSTITUTIONALLY SUBJECT TO EXECUTIVE DETERMINATION

This Court's precedent has long maintained that Congress may constitutionally give the Executive Branch the power to make determinations

concerning "public rights," "which are susceptible of judicial determination, but which congress may or may not bring within the cognizance of the courts of the United States." *Murray's Lessee v. Hoboken Land & Improvement Co.*, 59 U.S. 272, 284 (1856). Patents are one species of public rights the granting of which Congress may constitutionally assign—and has *always* assigned—to the Executive Branch. Indeed, as this Court has noted, "the primary responsibility" for distinguishing between patentable and unpatentable claims (i.e., "for sifting out unpatentable material") "lies in the Patent Office." *Graham v. John Deere Co.*, 383 U.S. 1, 18 (1966).

The Petitioner's brief devotes substantial effort to demonstrating that patent validity issues were adjudicated in courts at the time of the Founding. *See* Pet. Br. 18–19, 22–27 & 50–58. Such evidence, however, does nothing to prove that *only* courts can decide patent validity. Matters involving public rights are always "susceptible" to judicial determination. *Murray's Lessee*, 59 U.S. at 284.

To prevail on the argument that patent validity cannot be adjudicated outside of an Article III court, the Petitioner needs to show that patent validity issues were understood to be subject *exclusively* to judicial determination. Such a showing is impossible not only because of the long tradition of having the Executive Branch shoulder the primary responsibility in sifting out the unpatentable from the patentable, but also because patents are quintessential examples of public rights conferred by the government.

A. Patents are Special Privileges Designed by Statute to Serve a Public Purpose and Conferred by Executive Action.

As this Court's precedents confirm, patents are properly classified as "public franchises," *Seymour v. Osborne*, 78 U.S. 516, 533 (1870); *see also Bloomer v. McQuewan*, 55 U.S. 539, 549 (1853) (describing the patent as granting a "franchise"), or equivalently, as "special privilege[s]" that "serve the public purpose of

promoting the 'Progress of Science and useful Arts.'" *Precision Instrument Mfg. Co. v. Auto. Maint. Mach. Co.*, 324 U.S. 806, 816 (1945). Consistent with that classification, this Court has repeatedly stated that "[a] patent by its very nature is affected with a public interest." *Id.*[3] Thus, as Justice Thomas recently recognized, patents are not "'core' private rights" but are instead "'privileges' or 'franchises,' 'which public authorities ha[ve] created purely for reasons of public policy and which ha[ve] no counterpart in the Lockean state of nature.'" *Teva Pharm. USA, Inc. v. Sandoz, Inc.*, 135 S.Ct. 831, 848 n.2 (2015) (Thomas, J., dissenting) (quoting Caleb Nelson, *Adjudication in the Political Branches*, 107 COLUM. L. REV. 559, 566–67 (2007)).

Because patents are not core private rights and must satisfy statutory criteria designed to ensure the advancement of the relevant public policy, the Executive Branch has been continuously involved in adjudicating the legitimacy of claims to patents since the founding era. The first Congress enacted the Patent Act of 1790, which conferred on the Executive Branch the power to grant patents by concurrence of any two of three specified executive department heads—the Secretary of State, the Secretary of War and the Attorney General. *See* Act of April 10, 1790, § 1, 1 Stat. 109, 109–10. The 1790 statute required applicants to recite that they had invented something new and useful and required the three department heads to determine whether the asserted invention was "sufficiently useful and important" to merit the grant of a patent. *Id.* § 1, at 110.

Under the 1790 Act, the Executive Branch's decision to award a patent carried some weight, albeit a modest one. Section 6 of the Act provided

---

[3] *See also Blonder-Tongue Labs., Inc. v. Univ. of Ill. Found.*, 402 U.S. 313, 343 (1971) (quoting *Precision Instrument*, 324 U.S. at 816); *Walker Process Equip., Inc. v. Food Mach. & Chem. Corp.*, 382 U.S. 172, 177 (1965) (same).

that, in infringement litigation, a granted patent was "*prima facie* evidence" that the patentee was the "first and true inventor" of the invention disclosed in the patent and that the invention was "truly specified" within the patent document. *Id.* § 6, 1 Stat. at 111. The weight given to the Executive Branch's determinations in granting patents was counterbalanced by two grants of power to the courts. Section 5 authorized a special proceeding to allow complainants to seek judicial "repeal" of issued patents, *id.* § 5, at 111, and § 6 authorized the defendants in infringement litigation to plead and prove "the general issue" of patent invalidity as a defense, *id.* § 6, at 111.

Thus, the earliest patent statute demonstrates that patent validity issues fit the conception of public rights perfectly. Patent validity issues arise initially between the government and others—specifically between the government as grantor and inventors as grantees. *See Cleveland v. United States*, 531 U.S. 12, 23–24 (2000) (noting that "the Federal Government's interest in an unissued patent . . . surely implicates the Government's role as sovereign"). Furthermore, they do not require judicial determination, as they are typically determined first by the Executive Branch, and yet they "are susceptible of" judicial determination, as the grants of judicial authority in the first patent act demonstrate. *Murray's Lessee*, 59 U.S. at 284.

Other structural features of the modern patent law confirm that the rights are public rights, including (i) the statutory requirement for patentees to pay maintenance fees, and (ii) the statutory declaration that patents shall have the "attributes of personal property."

1. *Statutory Maintenance Fees.* Patentees have been required to pay the PTO maintenance fees for more than a third of a century. *See* Pub. L. No. 96-517, § 2, 94 Stat. 3015, 3017 (1980) (amending 35 U.S.C. § 41(c) to require patentees to pay to the PTO maintenance fees at intervals of 3½, 7½ and 11½

years after the granting of the patent). Both the substance and the process of such maintenance fees show the public rights nature of patents.

Substantively, these fees are payments to the public for the privilege of keeping patent rights. The fees are not structured as a tax, for nonpayment does not result in legal process to collect the fee. Rather, patent rights simply "expire" if the fee goes unpaid. *See* 35 U.S.C. § 41(b)(2). The administrative procedure for fee collection also shows the continuing involvement of the Executive Branch agency. By law, patentees have a six-month window to pay the fee, *id.*, but if the payment is late, the PTO Director "may" accept a late payment if the delay is "unintentional." *Id.* § 41(c)(1). Thus, the statutory provisions governing maintenance fees show that, even after a patent has issued, the agency retains discretionary powers requiring adjudication (to determine the intention behind a late payment), and the outcome of such an adjudication can keep patent rights in force or terminate them.

2. *Section 261.* Petitioner repeatedly cites the first sentence of § 261 of the Patent Act, which states that, "[s]ubject to the provisions of this title, patents shall have the attributes of personal property." 35 U.S.C. § 261. Petitioner argues that this section demonstrates patents to be "quintessential private property rights," Pet. Br. 27, but the exact language of the statute does not support that statement.

Patents are afforded only the "attributes" of personal property—a statutory statement that would be unnecessary if, as Petitioner argues, patents were "quintessential private property." Thus, this Court has relied on the first sentence of § 261 merely to demonstrate that patent rights are alienable—a far more modest import than the broad meaning read into the section by the Petitioner. *See Cleveland*, 531 U.S. at 23 (citing the statute to support the proposition that "a patent holder may sell her patent").

Furthermore, in quoting the first sentence of § 261, Petitioner truncates the prefatory clause "[s]ubject to the provisions of this title." *Compare* 35 U.S.C. § 261 (first words of the section), *with* Pet. Br. 27 (omitting these words). Petitioner's omission of those words is understandable because such a prefatory caveat undermines the Petitioner's sweeping construction of the remainder of the sentence. Yet ignoring statutory words does not make them go away.

The correct interpretation of § 261's first sentence fully supports the traditional view articulated recently by Justice Thomas. Patents are indeed "franchises" or "privileges," and thus this statute is necessary to confirm that this particular franchise or privilege *is* alienable (not all privileges or franchises are).

The prefatory clause of the sentence also alerts the reader that the statutory sentence should not be construed to undermine any other "provisions of this title." Yet that is precisely how Petitioner would use the statute; the Petitioner is citing § 261 to undermine the *inter partes* review provisions set forth elsewhere in title 35 of the U.S. Code. That reading is backwards. If other provisions of the Patent Act are inconsistent with § 261's declaration that patents have the attributes of personal property, then § 261's declaration must yield.

B. Comparing Patents to Rights in Land Undermines Rather Than Advances Petitioner's Arguments.

Petitioner and many of its amici attempt to analogize patents to rights in land, *see* Pet. Br. 29, and several of Petitioner's amici expressly rely on cases holding administrative revocation to be unavailable for land patents. *See* PhRMA Br. 17–18; Pacific Legal Foundation Br. 33. Yet any analogy to land rights undermines the Petitioner's legal argument for at least three reasons.

First, if federal patents on inventions were to be analogized to property rights in land, the best analogy would be to federal leases of public lands, which can be administratively cancelled. *See Boesche v. Udall*, 373 U.S. 472 (1963).

Leases are, of course, property rights, and they are more closely analogous to federal patent rights because they are classified as *personal* property rights under the common law. *See Burns v. Equitable Assocs.*, 265 S.E.2d 737, 743 (Va. 1980); *Neuman v. Travelers Indem. Co.*, 319 A.2d 522, 525 (Md. 1974); 1 JAMES SCHOULER, A TREATISE ON THE LAW OF PERSONAL PROPERTY 45 (1873) (relying on Coke and Blackstone for the proposition that interests in land enjoyed for "limited and definite" times are "subject to the rules which relate to personal property"). Thus, although Petitioner and its amici repeatedly cite 35 U.S.C. § 261 to demonstrate that patents are property (with some amici even omitting the word "personal" in quoting the statute, *see* 27 Law Professors Br. 3), the statutory reference to "personal property" actually undermines the Petitioner's case.

Federal leases of public lands are also like federal patent rights in that the granted rights are limited in time, with the interest reverting to the public at the conclusion of the term. Moreover, as previously mentioned, federal patent rights are subject to administrative maintenance fee payments, *see* 35 U.S.C. § 41(b), (c), which can easily be analogized to rents due on a lease.

As this Court explained in *Boesche*, *supra*, the law permitting administrative cancellation of federal leases has never varied. *See* 373 U.S. at 482–83 (noting that, ever since the enactment of the Mineral Leasing Act in 1920, the Secretary in charge of the program exercised administrative cancellation and "Congress has never interfered with its exercise"). The lease cancellation in *Boesche* itself was based on administrative determination that the lease had been "defective" from the beginning, and the Court expressly ruled that "[m]atters of this nature do not

warrant initial submission to the judicial process." *Id.* at 484. The Court also noted, in reasoning fully applicable to this case, that the "magnitude and complexity" of the program made it "likely that a serious detrimental effect . . . [would] be the consequence of a shift from the [agency] to the courts of the power to cancel such defective [grants]." *Id.* The modern patent system is merely following that wisdom in highly analogous circumstances.

A second reason that an analogy between patent rights and land rights is unhelpful to the Petitioner is that federal land patents convey rights under state law. Once the federal government issues a patent conveying fee simple title in land, the property rights in the land are *state* property rights that must fit within each state's general legal system governing real property. Simply put, each state has a strong interest in having a uniform law of property applicable to all land and land titles. No similar consideration applies to patents on inventions, which are entirely federal rights and do not need to conform to the pre-existing titling and property systems in each state.

A third and final reason that a land analogy does not advance Petitioner's case is that, even if patents could be perfectly analogized to fee simple rights in land, this Court's foundational case on public rights, *Murray's Lessee*, actually did involve a parcel of land (as Petitioner acknowledges, Br. 30) that was seized via administrative action.

In *Murray's Lessee*, the owner of the private parcel of land was also a collector of customs for the Treasury Department. An administrative audit showed more than a million-dollar shortfall in the customs collector's account. To cover the shortfall (at least in part), the Treasury Department seized and sold the collector's land. Even though that case involved private land, the case was held to involve public rights because the *issues* adjudicated within the Executive Branch—specifically, "auditing of [the land owner's] account [as a collector of customs], and

the ascertainment of its balance," 59 U.S. at 275—fell within the special competence of the agency.

The current case is, if anything, a stronger case for applying the public rights doctrine because the very existence of patent rights (whether considered property or not) is contingent upon the accuracy and legality of the PTO's original decision in allowing the patent. Here, the agency is merely reviewing its own prior decision on public rights issues of patentability, and it is performing that review merely as a step toward submitting its conclusions to judicial review.

C. Patent Validity Was Not the "Subject of a Suit" at Law or in Equity.

Murray's Lessee stated that Congress could not "withdraw from judicial cognizance any matter which, from its nature, is the *subject of a suit* at the common law, or in equity, or admiralty." 59 U.S. at 284 (emphasis added). In patent law, the *subject* of a suit at law or in equity was, and still is, a claim of right to relief for patent infringement.

If brought at law, the subject of a patent infringement suit was, and still is, the patentee's claim of right to damages from the infringer. *See* F. W. MAITLAND, EQUITY ALSO THE FORMS OF ACTION AT COMMON LAW 15 (1909) (noting that, classically, "the judgment for damages had been characteristic of the court of law"). If brought in equity, the subject of an infringement suit was, and still is, the patentee's claim of right to some form of equitable relief, such as an injunction, against the infringer. *Id.* (noting that, classically, "the injunction had been characteristic of the Court of Chancery"). Such claims between the individual parties to the infringement litigation were, and still are, the "subjects" of infringement suits at law and in equity. An *inter partes* review is not similar because it has as its object merely an administrative reconsideration of the agency's previous action in granting patent rights.

Invalidity of an asserted patent claim was, and still is, merely an *issue* that an alleged infringer can raise as a defense to a suit for alleged infringement. *Murray's Lessee* does not forbid Congress from creating a new administrative proceeding adjudicating some issues that might previously have been adjudicated in suits at common law or in equity.

Indeed, it is not uncommon for the same issues to arise in different types of proceedings. For example, the issue whether patentees and their attorneys have committed misconduct in applying for patent rights may be raised, in certain instances, as an unclean hands defense to a suit for patent infringement. See *Hazel-Atlas Glass Co. v. Hartford-Empire Co.*, 322 U.S. 238 (1944) (holding that a patentee was entitled to no relief in a patent infringement suit due to fraud committed before the agency). Yet the very same misconduct issues may also be adjudicated by the PTO in determining whether any administrative sanctions should be imposed. *See Kingsland v. Dorsey*, 338 U.S. 318 (1949) (affirming the Patent Office's power to bar an attorney from practicing before the agency due to the very same misconduct that was adjudicated in the *Hazel-Atlas* litigation).

Petitioner asserts, without any support, that all issues "adjudicated" within suits at law or in equity cannot be determined by an administrative agency. Pet. Br. 23. Yet even the awkward phraseology used in Petitioner's brief shows the error in the argument. Petitioner claims that, historically, "[a] patent-invalidity case" could begin by being "filed as an infringement action." Pet. Br. 23. The label "patent-invalidity case" has no historic roots in federal case law, and with good reason.

In the late eighteenth and early nineteenth centuries, judgments rendered in civil actions for alleged patent infringement did not conclusively resolve whether an asserted patent claim was valid. More than a century would pass before *Blonder-Tongue Laboratories, Inc. v. University of Illinois*

Foundation, 402 U.S. 313 (1971), overruled prior precedent and formulated the doctrine of nonmutual collateral estoppel to allow subsequent patent infringement defendants to benefit from an earlier holding of patent invalidity.

Before *Blonder-Tongue*, the law was quite different, as the leading patent treatise writer in the early nineteenth century explains:

> The success of the defendant, in an action for an infringement, on the ground of the invalidity of the patent, does not prevent the plaintiff from instituting another suit against any other person for an infringement of his patent. A judgment is conclusive only between the parties to it, and *upon the subject matter of the suit, that is, the infringement complained of.*

WILLARD PHILLIPS, THE LAW OF PATENTS FOR INVENTIONS 448 (1837) (emphasis added). The Phillips treatise accurately describes what is the "subject matter" of a patent infringement suit and provides the theoretical reason why it was not possible in that era to assert, as the Petitioner in this case wrongly asserts, that patent invalidity was the subject of an infringement suit.

More recent separation-of-powers decisions by this Court confirm that *Murray's Lessee* does not mean that any *issue* adjudicated in an action at law or equity must forever remain adjudicated by courts. In *Stern v. Marshall*, this Court defined the category of matters that cannot be assigned to non-article III adjudicators as "matters 'of private right, that is, of the liability of one individual to another under the law as defined.'" 564 U.S. 462, 489 (2011) (quoting *Crowell v. Benson*, 285 U.S. 22, 50, 51 (1932)). That rule prevents *infringement claims* from being reassigned to a non-Article III tribunal because such claims are matters of private right between the parties to the litigation. The patent validity issue involves not the "liability of one individual to

another" but instead the public privileges of the patentee against the world.

Indeed, if *Murray's Lessee* were read to forbid congressional reassignment of issues from the courts to an administrative agency, patent law's presumption of validity would itself be constitutionally troubling. At the time of the Founding and during at least the first half century thereafter, both British and American courts adjudicated patent validity *de novo*. The presumption of validity, formulated initially in mid- and late-nineteenth century court decisions and codified in 1952, reallocated authority on patent validity issues from the courts to the administrative agency.

As this Court noted in *Microsoft Corp. v. i4i Limited Partnership*, the presumption derived from "'the basic proposition that a government agency such as the [PTO] was presumed to do its job.'" 564 U.S. 91, 97 (2011) (quoting *Am. Hoist & Derrick Co. v. Sowa & Sons, Inc.*, 725 F.2d 1350, 1359 (Fed. Cir. 1984)). The earlier, foundational case of *Morgan v. Daniels*, 153 U.S. 120 (1894), was even more clear in justifying the presumption of validity as being based on judicial willingness—indeed eagerness—to shift decisional responsibility for patent validity issues from the courts to the Patent Office. The *Morgan* Court described patent validity as having been "settled by a special tribunal, entrusted with full power in the premises" and went so far as to say that "it might be well argued, were it not for the terms of this statute, that the decision of the Patent Office was a finality upon every matter of fact." *Id.* at 124; *see also Radio Corp. of Am. v. Radio Eng'g Labs., Inc.*, 293 U.S. 1, 9–10 (1934) (relying on *Morgan* and extending the presumption of validity to apply even where parties to the litigation in court were not represented before the agency).

The constitutionality of shifting discrete public rights issues from private litigation to administrative decision is also demonstrated by the entire line of this Court's cases fashioning the primary jurisdiction

doctrine. That doctrine is "specifically applicable to claims properly cognizable in court that contain some issue within the special competence of an administrative agency" and requires (typically) that courts "stay[] further [judicial] proceedings so as to give the parties reasonable opportunity to seek an administrative ruling." *Reiter v. Cooper*, 507 U.S. 258, 268 (1993) (Scalia, J.).[4]

The very first case in which this Court recognized such a doctrine—*Texas & Pacific Railway Co. v. Abilene Cotton Oil Co.*, 204 U.S. 426 (1907)—was a common law action in state court by a shipper to recover damages against a railroad that had allegedly charged unreasonably high rates. *See id.* at 436 (expressly noting that the shipper had a valid common law cause of action). Still, this Court held that, in light of the federal Interstate Commerce Commission's primary power to regulate, and to determine the reasonableness of, the interstate rail rates, the common law cause of action could not proceed until the rate unreasonableness issue was presented to, and decided by, the administrative agency. *See id.* at 448 (requiring the plaintiff to invoke the power of the Commission prior to proceeding with any common law action).

The century-old primary jurisdiction doctrine shows not only the legality of allocating to administrative determination some issues previously cognizable in court but also the limits of the practice. Reallocation can occur for issues "within the special competence of an administrative agency," *Reiter*, 507 U.S. at 268, or, equivalently, for issues "typically lying at the heart of an administrative agency's task . . . that Congress has placed within the jurisdiction of the [agency]," *Ricci v. Chicago Mercantile Exch.*,

---

[4] A similar process is typically followed where defendants in infringement litigation seek *inter partes* review, with district courts staying any infringement litigation while the agency rules on the patent validity issues presented in the *inter partes* review.

409 U.S. 289, 305 (1973). Patent validity issues plainly fall into that category because, beginning with the first patent act, the Executive Branch has long held "primary responsibility" for applying the statutory patentability standards to claims for patent rights. *Graham*, 383 U.S. at 18.

Finally, Petitioner relies on the writ of *scire facias* to show that patent validity issues were adjudicated in courts during the early Republic. Yet the public rights nature of validity issues is confirmed by the very fact that *scire facias* was the device for litigating validity issues outside of infringement suits.

Scire facias was a "prerogative writ," and the very reason that such writs "came to be called 'prerogative' [is] because they were conceived as being intimately connected with the rights of the Crown." S. A. de Smith, *The Prerogative Writs*, 11 CAMBRIDGE L.J. 40, 41 (1951).[5] Indeed, *scire facias* was originally viewed as a writ so "peculiar to the King himself" that "the Attorney-General's fiat had first to be granted" before subjects could bring the writ. *Id.* The

---

[5] Similarly, Blackstone discusses the power to repeal patents through *scire facias* in his treatise chapter devoted to "redressing those injuries to which the crown itself is a party" and "which then are usually remedied by peculiar forms of process, appropriated to the royal prerogative." 3 WILLIAM BLACKSTONE, COMMENTARIES ON THE LAWS OF ENGLAND 254 (1768); *see also id.* at 261 (discussing the use of *scire facias* to repeal patents and noting that the writ must be brought by the king or, if the patent was "injurious to a subject," the king would allow the subject "to use his royal name for repealing the patent in a *scire facias*"); 1 WILLIAM BLACKSTONE, COMMENTARIES ON THE LAWS OF ENGLAND 244 (1765) (defining "prerogative [as] consisting (as Mr. Locke has well defined it) in the discretionary power of acting for the public good") (citing 2 JOHN LOCKE, TWO TREATISES OF GOVERNMENT § 166 (1690)).

applicability of the *scire facias* writ to patent validity issues shows that such issues were emphatically not "subject of a suit at the common law, or in equity, or admiralty" within the meaning of *Murray's Lessee*.

II. *INTER PARTES* REVIEW REINS IN, RATHER THAN AGGRANDIZES, EXECUTIVE POWER.

As Petitioner correctly notes, one key goal of separation-of-powers doctrine is to prevent Congress from unconstitutionally "aggrandiz[ing] . . . one branch at the expense of the other." Pet. Br. 47 (quoting *Wellness Int'l Network v. Sharif*, 135 S. Ct. 1932, 1944 (2015)). From this valid premise, Petitioner incorrectly argues that *inter partes* review is "aggrandizing" the Executive at the expense of the Judiciary. Pet. Br. 47. Yet the *inter partes* review process—which includes (i) an administrative component in which the PTO must confront arguments against patent validity, and (ii) judicial review in the Federal Circuit—checks rather than aggrandizes executive power. The advent of *inter partes* review means that, at least for patents subject to the *inter partes* process, PTO decisions to grant rights are now being subject to conventional checks against arbitrary executive actions—specifically, requiring the agency to engage in reasoned decisionmaking and imposing judicial review to enforce that requirement.

By contrast, patents not subjected to *inter partes* review represent greater executive power because, under pre-existing Federal Circuit precedent, federal courts are forbidden from reviewing the reasons why the PTO granted a patent and are constrained to give substantial legal weight to a patent *even if the agency had no reasoned decisionmaking to justify the grant*. That pre-existing status quo was especially bad, from a standpoint of patent policy, because the checks on executive power were asymmetric: PTO decisions to deny patents were subject to all of the standard administrative law doctrines that empower courts to check arbitrary and

capricious agency action; PTO decisions to grant patents were not.

Far from an unconstitutional expansion of executive power, the new system of *inter partes* review followed by judicial review imposes new restraints on the agency and expands judicial power to check arbitrary, capricious and otherwise unlawful executive actions in issuing patents. Indeed, the party seeking greater executive power in this litigation is the Petitioner, for Petitioner seeks a result where PTO never has to confront contrary arguments against its decisions to grant patent rights and is never subject to judicial review of its reasoning in issuing patents.

A. Neither Modern Administrative Law Nor Historical Practice Justified the Pre-Existing Status Quo of Asymmetrically Constrained Executive Power.

In every other field of administrative law, a process such as *inter partes* review would be utterly unremarkable. Under long-established principles of administrative law, agencies are required to have a reasoned basis for their decisions, and the courts are expressly authorized to review those decisions and to vacate any action not based of such "reasoned decisionmaking." *See Allentown Mack Sales & Serv., Inc. v. NLRB*, 522 U.S. 359, 374 (1998) (Scalia, J.) (interpreting the requirements of the arbitrary and capricious test of 5 U.S.C. § 706(2)(A)); *Judulang v. Holder*, 565 U.S. 42, 53 (2011) (Kagan, J.) (same); *Motor Vehicle Mfrs. Ass'n v. State Farm Mut. Auto. Ins. Co.*, 463 U.S. 29, 52 (1983) (reversing agency decision where the agency's explanation of its decision was "*not* sufficient to enable th[e] Court to conclude that the [decision] was the product of reasoned decisionmaking").

Reasoned decisionmaking requires, among other things, that the agency "must examine the relevant data," *State Farm*, 463 U.S. at 43, consider all "important aspect[s] of the problem," *id.*, and ultimately draw a "rational connection between the

facts found and the choice made," *id.* (quoting *Burlington Truck Lines, Inc. v. United States*, 371 U.S. 156, 168 (1962)). Importantly, the agency's decision must be evaluated on the reasons given by the agency itself in the administrative process; the reviewing court cannot "supply a reasoned basis for the agency's action that the agency itself has not given." *Id.* (citing *SEC v. Chenery Corp.*, 332 U.S. 194, 196 (1947)).

Under Federal Circuit precedent, however, the requirement of reasoned decisionmaking applies asymmetrically to the decisions that the PTO makes on patent applications. If the PTO denies the application, the agency must have a reasoned analysis to justify its action, and judicial review is available to enforce the requirement. *See In re Van Os*, 844 F.3d 1359, 1361–62 (Fed. Cir. 2017) (requiring the PTO to provide "reasoned decisionmaking" and "explicit and clear reasoning" and vacating the agency's denial of patent rights for failing to comply with those requirements). By contrast, agency decisions to grant patent rights are never subject to judicial "review of the *reasons* for allowance of [patent] claims" because, the Federal Circuit has held, "actions under the [Administrative Procedure Act] seeking review of the PTO's reasons for deciding to issue a patent" are "impliedly precluded" by the Patent Act. *Pregis Corp. v. Kappos*, 700 F.3d 1348, 1358–59 (Fed. Cir. 2012) (emphasis in original; internal quotations omitted).

Prior to the advent of *inter partes* review (or its predecessor, *inter partes* reexamination), the asymmetry in the availability of review meant that courts were constrained to afford the patent grant substantial deference even if the agency had not reasoned through the evidence. In short, arbitrary and capricious executive decisionmaking was still entitled to substantial weight in court under the statutory presumption of validity. *See* 35 U.S.C. § 282; *see also i4i*, 564 U.S. at 108–09 (rejecting a standard under which the weight given to a patent would "rise and fall with the facts of each case").

While infringement defendants could still bring challenges to a patent's validity as a defense to an infringement action, they would need to overcome a "clear and convincing" burden of proof. Such a remedy provides only a weak check on arbitrary executive action because, as this Court has recognized, "[t]o await litigation [to sift out unpatentable claims] is—for all practical purposes—to debilitate the patent system." *Graham*, 383 U.S. at 18.

While the pre-existing status quo was radically out of step with modern administrative law, it was also not justified by historical practice at the time of the Founding. The first patent statute permitted Executive Branch officers to examine patent applications, but the weight given to the executive decision was minimal. Section 6 of the 1790 Patent Act provided that, in infringement litigation, a granted patent was only "*prima facie* evidence" of patent validity. Such weight is modest given the blackletter rule that *prima facie* evidence shifts only a production burden to the other party, and even that burden vanishes if the other party introduces evidence to meet its production burden.[6]

The second patent statute—the 1793 Patent Act, 1 Stat. 318—eliminated Executive Branch examination of patent applications and returned to the British system of merely registering patents, with no executive determination as to the validity of the patent. Not surprisingly, the 1793 Patent Act did not expressly give issued patents *prima facie* weight, or any other kind of weight, in litigation.

While the 1793 Act was in force (1793–1836), courts varied even as to whether the patentee had the burden to prove validity or the defendant had to show invalidity. *See* PHILLIPS, *supra*, 405–08 (citing circuit court authority by Justice Story that patents issued

---

[6] *See Tex. Dept. of Cmty. Affairs v. Burdine*, 450 U.S. 248, 254–55 (1981); *St. Mary's Honor Ctr. v. Hicks*, 509 U.S. 502, 506–07 (1993).

under the 1793 Act were still *prima facie* evidence of validity; circuit court authority by Justice Washington suggesting the contrary; and English precedent from Lord Justice Buller holding that the patentee must prove validity without any presumption). Yet whatever the precise rule, the evidentiary weight given to the patent was "not a matter of great practical importance" because, even with the patent receiving any weight as *prima facie* evidence, "the slight *prima facie* evidence requisite may doubtless easily be obtained in support of any patent for which any possible pretense could be made out." *Id.* at 406.

The 1836 Patent Act, 5 Stat. 117, reinstituted administrative examination in the U.S. patent system, but unlike the short-lived examination system authorized under the 1790 Act, examination duties were not conferred on busy, high ranking Cabinet officials. Rather, Congress authorized a Commissioner of Patents to "make or cause to be made, an examination" of each patent application, *id.* § 7, 5 Stat. at 119, and authorized the hiring of examining clerks so that the Commissioner would not have to do all the work himself, *id.* § 2, 5 Stat. at 118.

After the creation of a professional examining corps under the 1836 Act, federal courts began imposing heightened burdens on parties challenging issued patents, beginning in cases where the challenger was presenting oral testimony in an attempt to prove some other inventor had succeeded in inventing first. *See Coffin v. Ogden*, 85 US 120, 124 (1874) (holding in such a case that "every reasonable doubt should be resolved against" the challenger because "[t]he law requires not conjecture, but certainty"). In subsequent decades, the imposition of the heightened standard of proof on challengers was expressly based on the existence of the "grant of the letters patent," *Cantrell v. Wallick*, 117 U.S. 689, 695 (1886); theoretically justified as an implication of the Patent Office's statutory authority as a "special tribunal, entrusted with full power in the premises," *Morgan*, 153 U.S. at 124; generalized to all

challenges, *Radio Corp. of Am.*, 293 U.S. at 9–10; and finally codified in 1952.

During that period of time—from 1836 to 1952—decisional power over patent validity was shifted from the courts to the Patent Office, as Congress authorized (and appropriated funds for) a professional staff of examiners in the Executive Branch and as this Court created doctrines constricting the authority of courts to invalidate patents except in clear cases. That shift in power is not constitutionally troubling because, as discussed in part I of this brief, patent rights are public rights that Congress can authorize the Executive Branch to adjudicate.

The difficulty, from the perspective of good patent administration, was not the shift in power to the Executive Branch, but the asymmetric set of constraints on the Patent Office's decisions that developed in the twentieth century. Patent applications are evaluated by patent examiners, who form the core of the Office's professional technical staff. If an examiner rejects an application, the disappointed applicant has the right to an administrative appeal to a Board within the Office and, thereafter the right to seek review in court. If the examiner recommends issuing the application, the examiner's decision is typically final and the patent issues. Patent denials are thus subject to the constraints of modern administrative law; patent grants are not similarly constrained.

The predictable result of such unbalanced constraints has been a flood of bad patents, which is a sign (contrary to Petitioner's argument) of excessive Executive Branch power to issue patents and too little judicial power to check those excesses. Indeed, the backwards nature of Petitioner's reliance on Article III in this case can be seen merely by looking to the end goal Petitioner seeks: Petitioner wants to keep a status quo where it and other patentees have the right to sue on the basis of an Executive Branch grant of rights, which is not required to be based on

reasoned decisionmaking and which the courts cannot invalidate except in clear and convincing cases. In reality, the Petitioner in this case is the champion of aggrandized executive power.

B. *Inter Partes* Review Imposes Constraints on the Executive Branch To Equalize the Legal Constraints on Issuing and Denying Patents.

The new system—which provides an administrative process, *see* 35 U.S.C. § 311 *et seq.*, coupled with full rights to judicial review for all parties to the extent they find the agency's reasoning flawed, *see* 35 U.S.C. § 141(c)—is not an aggrandizement of administrative power, but a modest step toward imposing greater checks on aberrant and unreasoned executive actions in granting patents. Under this new system, parties challenging patents now have an opportunity to seek direct judicial review of the reasoning underlying the Executive Branch's patenting decisions, but that new avenue for judicial review is open only if the parties first present their evidence and arguments to the Executive Branch through the *inter partes* review process.

The *inter partes* review component of that system follows the pattern generally established in other areas of administrative law: The administrative proceeding serves the traditional function of allowing the agency to correct its own errors prior to scrutiny by the courts. Permitting such administrative error correction is so much the norm in other areas that this Court has generally *required* parties to exhaust such administrative remedies under "the long-settled rule of judicial administration that no one is entitled to judicial relief for a supposed or threatened injury until the prescribed administrative remedy has been exhausted." *Myers v. Bethlehem Shipbuilding Corp.*, 303 U.S. 41, 50–51 (1938).

Because that "long-settled rule" prefers administrative action as a prerequisite to judicial relief, the Petitioner's claim in this case must be that

some special constitutional rule, applicable solely in patent law, disables the administrative agency from fixing its own mistakes prior to judicial review. The text, structure, and history of the Constitution provide no basis for such an exceptional rule, and no precedent of this Court requires such an unusual rule for patent cases. Indeed, it is completely backwards to suggest that *inter partes* review threatens the Article III prerogatives of the judiciary where that administrative process merely serves as a prerequisite to a new judicial check on executive actions in awarding patent rights.

Another perspective also demonstrates the truth that the whole of the *inter partes* review process—including both the administrative process and subsequent judicial review—is merely a constitutional mechanism for constraining rather than aggrandizing Executive Branch power. Congress could have authorized all PTO actions issuing patents to be subject to judicial review under the Administrative Procedure Act (APA). In other words, it would be constitutional for Congress to overrule legislatively the Federal Circuit's decision in *Pregis Corp. v. Kappos*, 700 F.3d 1348 (Fed. Cir. 2012), which held that the Patent Act impliedly precludes judicial review of PTO patent grants.[7] Such a legislative extension of APA review would be an

[7] This brief takes no position on whether *Pregis Corp. v. Kappos* is correctly decided. Certain decisions of this Court, most recently *Sackett v. EPA*, 132 S. Ct. 1367 (2012), suggest that the doctrine of "implied preclusion" of judicial review may be narrower than the *Pregis* court assumed. If, however, *Pregis* is wrongly decided and PTO grants of patent rights are subject to judicial review, then the analysis in the text would already be the law, and administrative processes constitutionally identical to *inter partes* review could be triggered if the PTO merely sought voluntary remands in cases where the PTO Director determined that grants of patent rights were not likely to survive judicial review.

additional judicial check on executive power and could not be viewed as a threat to Article III.

In such a system (which is nothing more than standard administrative law in every other field), what could the agency do if the PTO Director determined that the party challenging the agency's action in granting a patent was reasonably likely to prevail with respect to at least one of the claims in the issued patent? In other words, what could the agency do prior if the agency had a belief similar to, or even identical to, the standard set forth in 35 U.S.C § 314(a) for instituting *inter partes* review?

Clear administrative law provides the answer: The agency could seek a voluntary remand for further administrative proceedings, and under the uniform precedents of this Court and the lower courts, such an agency request would be granted. *See Ford Motor Co. v. NLRB*, 305 U.S. 364, 374 (1939) (affirming the practice of a reviewing court granting an agency's request for a remand so that the agency "may take further action in accordance with the applicable law"); *FCC v. Fox Television Stations, Inc.*, 556 U.S. 502, 511 (2009) (noting that, where the agency "had not previously given the broadcasters an opportunity to respond to" certain aspects of the agency's action, the agency "requested and obtained from the Court of Appeals a voluntary remand so that the parties could air their objections"); *Ethyl Corp. v. Browner*, 989 F.2d 522, 524 (D.C. Cir. 1993) (holding that an agency's motion for a remand should be "commonly grant[ed]" "to allow agencies to cure their own mistakes rather than wasting the courts' and the parties' resources reviewing a record that both sides acknowledge to be incorrect or incomplete"); *SKF USA Inc. v. United States*, 254 F. 3d 1022, 1028–30 (Fed. Cir. 2001) (citing numerous cases concerning voluntary remands to agencies and holding that lower court erred in failing to grant the government's motion to remand a case for further administrative consideration).

One of the permissible grounds for an agency to obtain such a voluntary remand is that, even "without confessing error," the agency wants "to reconsider its previous position" because it has "doubts about the correctness of its decision." *SKF*, 254 F.3d at 1029. On remand, no principle of constitutional law or administrative law would forbid the agency from allowing interested parties, including both the patentee and any parties opposed to the issuance of patent rights, to present competing arguments at the administrative level. Indeed, modern administrative law might *require* the agency to consider arguments both in favor and against the relevant agency action because otherwise a reviewing court might well have to vacate the agency's action for "fail[ing] to consider an important aspect of the problem." *State Farm*, 463 U.S. at 43.

The *inter partes* review process in 35 U.S.C. §§ 311–319 is thus constitutionally no different than a hypothetical legal system where (i) the PTO's actions in issuing patents are subject to judicial review under typical APA standards (which is plainly a constraint on agency action); and (ii) the PTO is permitted a remand if it determines that additional administrative procedures are needed prior to judicial review because one or more of the claims in the challenged patent are reasonably likely to fail judicial review.

It is true, of course, that such a hypothetical legal system is different from the system authorized by the *inter partes* review statute, 35 U.S.C. §§ 311–319. But the key difference is found not in cases where a patent has been subjected to the *inter partes* review process, but in cases where the PTO has denied review. That latter category of cases represents the best example of aggrandized Executive Branch power. Cases such as the present one—where a patent grant has been subjected to administrative review as a precursor to judicial review—represent nothing more than executive action being subjected to ordinary administrative law doctrines that are designed to constrain executive action.

III. THE CONSTITUTION DOES NOT REQUIRE JURIES TO REVIEW THE VALIDITY OF ISSUED PATENTS.

This Court has previously held that "the constitutional right to jury trial does not include the right to have a jury pass on the validity of an administrative order." *Cox v. United States*, 332 U.S. 442, 453 (1947) (Reed, J., for a plurality of four Justices); *id.* at 455 (Douglas, J., joined by Black, J., dissenting) ("join[ing] in the opinion of the Court" to the extent that it rules that the validity of the administrative order "is properly one of law for the Court"). This Court should adhere to that longstanding rule in this case and reject the Petitioner's plea for a special rule that decisions to grant patent rights—in contrast to all other administrative decisions in the Executive Branch—must constitutionally be reviewed only by juries.

Traditionally, in providing court review of executive actions, Congress has provided *judicial* review—i.e., review by judges—not *jury* review. *See* John F. Duffy, *Jury Review of Administrative Action*, 22 Wm. & Mary Bill Rts. J. 281 (2013) (noting that jury review of administration action has always been the exception not the rule in administrative law). Thus, Petitioner's Seventh Amendment claim seeks to impose as a constitutional requirement a form of review so rare as to be almost unknown anywhere else in present or past federal law.

The degree to which such a special rule would do violence to constitutional law can be seen by considering this Court's precedents concerning federal land patents. In that context, the Court has held that juries are *prohibited* from reviewing the validity of the federal patent grants, *see Smelting Co. v. Kemp*, 104 U.S. 636, 647 (1881), and that the executive grant can be challenged *only in a court of equity* (where a jury is constitutionally unavailable), *see Johnson v. Towsley*, 80 U.S. 72, 83–84 (1871).

Even though the executive grant of a land patent is "conclusive" as to "legal title" (and thus not

subject to review by a jury in an action at law), this Court in *Johnson v. Towsley* recognized that "there has always existed in the courts of equity the power . . . to inquire into and correct mistakes, injustice, and wrong in . . . executive action." *Id.* at 84. Through that traditional power—and not through juries—"patents and other important instruments issuing from the crown, or other executive branch of the government, have been corrected or declared void, or other relief granted." *Id.* The Court in *Johnson* perceived "[n]o reason" to create "an exception to this principle" for executive decisions granting land patents. *Id.*

Similarly, there is no reason that patents on inventions should be subject to some newly minted special exception to longstanding principles governing review of executive decisions. Based on history, public policy, and its own precedents, this Court should reaffirm that the validity of an administrative decision granting a public right is reviewable without a jury, and thus there is no constitutional right to a jury in adjudicating patent validity.

CONCLUSION

The decision of the Court of Appeals should be affirmed.

Respectfully submitted,

John F. Duffy
Counsel of Record
Hughes Hubbard & Reed LLP
1775 I Street, N.W
Washington, DC 20006-2401
(202) 721-4600

James W. Dabney
Richard M. Koehl
Emma L. Baratta

of Counsel

Attorneys for Amici Curiae